

The Episcopal Parish Church of Saint Michael & All Angels

3233 Pacific View Drive
Corona del Mar, CA 92625

The Rev'd Dr. Shane Scott-Hamblen, Presiding Officer

Minutes of the Vestry Meeting October 8, 2025

MEMBERS PRESENT

The Rev'd Dr. Shane Scott-Hamblen
Clerk – Steve Gribben
Mark Peterson
Cathy Dunlap
Tom Nicholson
Jim Headley

Jill Draffin
Ali Hagjoo
Pat Albers

MEMBERS ABSENT

Brian Robinson
Jamie Mead
Elizabeth Henry
Susan Brown

1. Opening

- 1.1. Prayer by Shane Scott-Hamblen opened the meeting at 5:00 p.m.
- 1.2. Septmeber 2025 Vestry Minutes approved by unanimous vote with Father Shane's typo corrections.

2. Rector's Report

- 2.1. **Girl's Choir.** Father Shane noted that he has started the process on putting the girl's choir together. He is scheduled to have a meeting with the Royal School of Church Music (RSCM) this upcoming week.
- 2.2. **Conventional Delegates.** Father Shane stated that St. Michaels is expected to send three delegates to participate in the election of the Bishop at the Diocesan Convention. He further stated that we are in need of volunteers for this.
- 2.3. **Christmas Eve Mass.** The Vestry agreed to a 5:00 pm start time without a motion.
- 2.4. **Events.** Father Shane noted all upcoming events: Oct. 12th Coloring with Corelli; Oct 26th Holloween Mass; Nov. 2nd All Saints Mass; Nov. 7-8 Diocean Convention/Election; Nov. 9 All Saints Requiem; Nov. 16 Veterans' Mass; December 14 Advent Lessons and Carols.

3. Assistant Treasurer's Report

- 3.1. **Medical and Dental Insurance.** Pat noted that updates need to be made this month for any church employees participating in Medical and Dental Insurance.
- 3.2 **Budget Report.** A motion was made to pass the budget report. The motion was unanimously approved.

4. **Senior Warden Report / Real Estate Project**

- 4.1. Mark and Tom provided a general update on the church's real estate project.
- 4.2. Mark started by reminding the Vestry that we have an active application with the City of Newport Beach for 88 apartment units to be located on the church's parkinglot site.
- 4.3. Mark further stated that the Real Estate Committee is continuing to explore other options for the property which may yield a greater financial return. Specifically, Mark stated that the Real Estate Committee is continuing to speak with Knighthall with regards to a plan to entitle and sell the church parkinglot to a builder that would construct for-sale housing (potentially 34 townhomes).
- 4.4. Plans for the townhome development contemplated by Knighthall were reviewed.
- 4.5. Terms of a potential engagement with Knighthall were also reviewed.
- 4.6. Tom noted that the footprint of the proposed townhome development would be larger than the apartment project previously submitted to the city, but the townhome project would likely produce a higher return.
- 4.7. The Vestry reviewed how proceeds might be handled if the Knighthall plan is pursued.
- 4.8. Mark provided a written summary of the status of the church's real estate project, which is attached as Addendum A.
- 4.9. After review of all the above and attached, Mark made the following motion, which was passed unanimously.

MOTION

1. **Knighthall Capital LLC:** The Church pursue the proposal by Knighthall Capital LLC to entitle and sell the underused part of the Church parking lot, approximately 1.62 acres ("the Parcel"), including entering into a letter of intent and a binding agreement with Knighthall.

2. **The Diocese:** The Church pursue permission from the Diocese to sell the Parcel and enter into a Memorandum of Understanding with the Diocese on terms acceptable to the Diocese, seeking an agreement which divides proceeds received by the Church derived from the sale of the Parcel (after deducting reimbursement to Church for its out-of-pocket costs in developing the Parcel and building the rectory and payment of amounts due at closing to consultants and advisors not previously paid) as follows:

- a. 10% to Diocese: Contributed to a new St. Michael and All Angeles Parish Affordable Housing Fund, managed and disbursed by the Diocese to support affordable housing projects across the Diocese;

b. 40% to the Parish “Growth Fund” to be used to address deferred maintenance, and to repair, rehabilitate and enhance the Church property, including adding a rectory, and to support the operational needs and future growth initiatives of the Church;

c. 50% to the Parish “Stability Fund,” invested in a 20 year annuity or some other financial vehicle to provide for the long-term financial support of the Church and its operations.

3. **Rectory:** After receiving permission from the Diocese, the Church build a rectory on the Marguerite side of the campus, using the rectory fund and then funds received from Knighthall.

4. **Tax Counsel:** The Church enter into an engagement agreement for tax advice related to the real estate project with Chris Purnell, Partner of CapinCrouse, a division of Carr, Riggs & Ingram with a budget of up to \$10,000.

5. **Junior Warden Report** (Report provided)

5.1. **Tree Trimming.** A motion was made to authorized cutting two coral trees at \$1,400 and remove one additional tree at \$700. The motion passed unanimously.

5.2. **Seashore Academy Site Improvement Reimbursement.** Jill stated that the church previously agreed to reimburse Seashore for up to \$15,000 in site improvements. Jill also stated that she supports paying Seashore this amount as a gesture of goodwill, even though technically these funds may not be due. She noted that Seashore has had to invest more than they contemplated to get their Conditional Use Permit (CUP). Jill noted that if the church does pay the full \$15,000 for site improvements, payment should come with a stipulation that Seashore shall be responsible for the cost of taking their fence down when they leave. A motion was made for the church to pay Seashore the full \$15,000 amount, with the stipulation that Jill suggested. The motion passed unanimously.

5.3. **Fire Alarm Inspections.** Jill requested approval from the Vestry to negotiate a contract to pay for fire alarm inspection services. Jill confirmed that there are no records of fire alarm inspections on record. The Vestry approved this request.

6. **Jim Headly / Growth and Membership** (Report provided)

6.1. A motion was made to approve the purchase of an electric sign in the lesser of 120 days or upon receipt of an option payment from church’s real estate project. Approved by all, except one abstaining.

7. **Building and Grounds** (No report today)

8. **Communications** (No report today)

9. **Education** (Report provided)

9.1. **Sunday Conversations.** Ali questioned whether we should continue Sunday Conversations in a different form in 2026. This matter was discussed.

10. **Hospitality** (Report provided)

11. **Mission Outreach**

11.1. Ali noted that in October we are collecting dried foods for pets.

11.2. Ali noted that he is working to engage with the Canturbury society in Irvine.

11.3. Father Shane requested that an effort be made to procure donations for grocery gift cards. Mark proposed that the church first buy the gift cards and then sell them to parishioners, who in turn would deliver them back to Father Shane for distribution.

12. **Stewardship** (Report provided)

12.1. Cathy noted that we are on track for pledges this year, but she is expecting less for next year as a result of people moving and passing away.

No other business.

Next meeting scheduled for November 12, 2025 at 5:00 pm.

The meeting was adjourned.

Addendum A

Real Estate Committee Summary

We are at an important moment in the real estate project and time is of the essence. More on timing at the meeting.

Townhomes, Not Apartments / Agreements with Knighthall and the Diocese: We have been presented with an exciting proposal by former members of the planning department of Newport Beach which is an alternative plan to the previously contemplated 60-90 unit apartment project. Instead of the Church building apartments, we would engage these consultants to pursue entitlements and find a buyer for the excess parking area; the builder would build approximately 34 townhomes. The consultants believe that the property, if sold with entitlements, would be worth more than \$22 million. This is about twice the estimated value of the property for apartments. Their optimism would be backed up with a \$1 million non-refundable cash payment to St. Michael's within sixty days of our entering into a binding agreement with them. They also would fund the entire entitlement process, which they estimate at more than \$500,000.

The Real Estate Committee recommends that the Vestry approve pursuing this approach. We will be moving for such permission at Wednesday's Vestry meeting. Attached are drafts of (1) a cover memo to the Diocese seeking permission, (2) a proposed Memorandum of Understanding between the Church and the Diocese, a (3) a proposed non-binding letter of intent with Knighthall (the consultants) to pursue a binding agreement to engage them to entitle and sell the Parcel for approximately 34 townhomes. The letter of intent is a non-binding step toward a formal agreement.

As an aside, the Real Estate Committee believes that the Knighthall proposal is "a hell of a deal" (in the words of one reliable source). We nevertheless are exploring possible interest from two others. We don't expect that either will change anything.

Rectory: The consultants also have educated us on the wisdom of building a rectory on a separate part of the campus, the Marguerite side, during the townhome construction. They believe that if we build a rectory at the same time, with the same builder, the cost of construction could be half of the cost if built separately. It also would be on land we already have, so there would be no land cost. In very, very rough terms, we might get a rectory for something like \$750,000 (a made up number), instead of \$2-3 million if we received one of the townhomes. Obviously, having a rectory would be helpful now and later to provide rectors with an affordable place to live. The Real Estate Committee also will move that the Vestry approve building a rectory on the Marguerite side of the campus (ideally during the construction of the townhomes). We would fund the construction from the rectory fund and the \$1 million non-refundable deposit from Knighthall.

Tax : We also need to ensure that the proceeds from a sale are not taxable. This issue is critical. Jill Draffin and I successfully interviewed a tax lawyer with church expertise (Chris Purnell, Partner of CapinCrouse, a division of Carr, Riggs & Ingram). We will move for authority to engage that firm to provide tax advice in connection with the real estate project. We seek authority for up to \$10,000.

Corporate Counsel: The firm of Newmeyer and Dillion has agreed to provide us legal advice regarding agreements, without charge, a favor to Jamie Mead.